

**PUBLIC DISCLOSURE**

NOVEMBER 3, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BRIDGEWATER SAVINGS BANK

756 ORCHARD STREET  
RAYNHAM, MA 02767

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (or "CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **BRIDGEWATER SAVINGS BANK (or the "Bank")** prepared by the Division, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

Based on the five criteria specified for institutions with assets under \$250 million, Bridgewater Savings Bank's overall CRA performance is considered Satisfactory. The Bank's loan-to-deposit ratio stood at 81.1 percent as of September 30, 2004, and has averaged in excess of 78 percent over the last 8 quarters. These figures exemplify satisfactory performance levels that meet the standards for satisfactory performance based on the Bank's size, customer credit needs, and the competitive market in which it operates.

Mortgage loan data for calendar years 2002 and 2003, indicates that Bridgewater Savings Bank originates the majority of its residential mortgages within the assessment area. The Bank meets the standards for satisfactory performance in this category also.

Low- and moderate-income families represent more than 35 percent of total family households. The Bank's performance in lending to borrowers of different income levels exceeds the standards for satisfactory performance when compared to the distribution of loans among low- and moderate-income borrowers by other lenders within the assessment area.

The Bank's assessment area, based on 2000 census data, is comprised of 6 moderate-income census tracts, 16 middle-income census tracts, and 5 upper-income census tracts. There are no low-income census tracts within the assessment area. Based on the analysis of the geographic distribution of loans within each locality, the Bank's performance is considered to be adequate.

Finally, based on a review of the Bank's CRA-related complaint file and fair lending policies and practices, no evidence of any discriminatory practices was noted. An overall rating of "Satisfactory" was given.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Bridgewater Savings Bank is a mutual savings bank headquartered in Raynham, Massachusetts. The Bank was incorporated in 1872 under the laws of the Commonwealth of Massachusetts. In addition to the main office location, the Bank operates four full-service branch offices in the following locations: Bridgewater, Lakeville, Raynham, and West Bridgewater. All office locations are situated in middle-income census tracts with the exception of the Raynham office, which is situated in an upper-income census tract. All offices offer deposit taking 24-hour Automated Teller Machine (ATM) service. The ATMs are connected to the NYCE, Cirrus, Plus, and Jeanie networks. Also, the Bank is a participant in the SUM alliance of surcharge-free ATMs. This service allows the Bank's customers surcharge-free use of ATMs operated by other SUM member institutions. In addition to the deposit-taking ATMs at the branch offices the Bank has three non deposit taking ATMs located at Bridgewater State College in Bridgewater, 565 West Grove Street in Middleborough, and Hockomock Plaza in West Bridgewater. The Bank also provides drive-up teller service at all office locations. Drive-up teller service is provided an hour earlier than regular banking hours Monday through Friday and one hour later than regular banking hours on Monday, Tuesday, and Wednesday and an additional hour on Thursday and Friday afternoon. Bank services and hours of operation are similar to those of competing institutions and afford accessibility to all segments of Bridgewater Savings Bank's assessment area. Office business hours are provided from 9:00 am to 4:00 p.m. weekdays. The Bank provides extended branch hours on Thursday evening and Saturday morning. Drive-up teller service offer additional business hours on Thursday and Friday evening and one half hour earlier on Saturday morning and Saturday after noon.

As of September 30, 2004, Bridgewater Savings Bank had total assets of \$299.3 million. The Bank's call report data for third quarter 2004 indicates that loans represent 60.5 percent of the Bank's total assets. Bridgewater Savings Bank is primarily a residential mortgage lender with 46.2 percent of its loan portfolio comprised of residential loans. Commercial and Industrial loans are next with 20.8 percent followed by loans on nonfarm nonresidential properties with 16.4 percent. Construction and Land Development loans represent a significant amount of the loan portfolio with 10.8 percent. The remaining portfolio is comprised of consumer loans.

The Bank's assets increased 18.6 percent between last quarter 2002, and third quarter 2004. This is due, in part, to an increase in loan volume, which increased more than 20 percent. Also, total deposits increased by more than 13 percent during the same period.

The Bank is a participant in the secondary mortgage market. Between November 1, 2002 and October 31, 2004, the Bridgewater Savings Bank sold 734 mortgages totaling more than \$126,700,000.

The Bank faces competition from other institutions that operate within the assessment area. Other participants within the Bank's competitive mortgage market include large

national and regional lenders such Countrywide Home Loans, Washington Mutual Bank, FA, Wells Fargo Home Mortgage, and Fleet National Bank. Also, the Bank experiences competition from other bank and non-bank mortgage lenders that operate in the local area.

### **CRA Committee**

The Bank's CRA committee is comprised of the President and Chief Executive Officer, the President of Stonebridge Mortgage Company, the Senior Vice President Lending, the Senior Vice President Retail Banking, the Vice President and Compliance Officer, and Vice President and Secondary Market Officer, three members of the board, including the Chairman of the Board of Trustees and Directors, and six Corporators. The committee is responsible for review of the Bank's community reinvestment activity and performance, CRA examinations and audits, and the Bank's second review committee activity, and other anti-discrimination regulations. The full committee meets semi-annually.

The Federal Deposit Insurance Corporation ("FDIC") last examined the Bank for compliance with the Community Reinvestment Act on July 22, 2002. That examination resulted in a CRA rating of "Satisfactory." The previous CRA examination conducted by the Division on September 13, 1999, also received a CRA rating of "Satisfactory."

Based upon the Bank's financial condition, size, product offerings, and branch network, the Bank's ability to meet community credit needs is considered strong. There are no apparent financial or legal impediments that would limit the Bank's ability to help meet credit needs within the assessment area.

### **Description of Assessment Area**

The Community Reinvestment Act requires financial institutions to define an assessment area within which its lending efforts are focused. The Division evaluates the institution's CRA performance based upon the defined assessment area.

Bridgewater Savings Bank has defined its assessment area as the following: The Towns of Bridgewater, East Bridgewater, West Bridgewater, Easton, Lakeville, Middleborough and Raynham, all located within the Brockton Metropolitan Statistical Area ("MSA") and The City of Taunton, which is located within the Boston MSA. The geographies that make up the assessment area are representative of three of the four income categories that define census tracts and borrower income levels. These categories include moderate-, middle-, and upper-income.

Based on the 1990 U.S. Census data, the Department of Housing and Urban Development ("HUD") median family income for the Brockton, and Boston MSAs was \$44,404 and \$48,688, respectively. Subsequently, HUD makes annual adjustments of MSA median family income figures. The adjusted median family incomes for the MSAs for 2002, and 2003 are shown in the table below. Based upon the definitions of the various income levels, the adjusted figures for low-income individuals and moderate-income individuals are also indicated in the following table.

Annual Income		Adjusted Annual Income Levels	
Brockton MSA	Amount	Low-income <50% MSA MFI <sup>1</sup>	Moderate-income 50%-79% MSA MFI
Year: 2002	\$63,500	\$31,749	\$31,750 - \$50,165
Year: 2003	\$70,300	\$35,149	\$35,150 - \$55,537
Boston MSA	Amount	Low-income <50%	Moderate-income 50%-79%
Year: 2002	\$74,200	\$37,099	\$37,100 - \$58,618
Year: 2003	\$80,800	\$40,399	\$40,400 - \$63,832

<sup>1</sup>Median Family Income

## Assessment Area 2002

Based on the census data for 1990, the assessment area is composed of a total of 29 census tracts, with the following classifications<sup>a</sup>: 7 moderate-income; 19 middle-income; 2 upper-income and 1 designated as "N/A". Census demographic data obtained from CRA Wiz indicate that the Bank's assessment area contains a total population of 143,900 individuals. There are 52,269 housing units within the assessment area, of which 65.8 percent are owner-occupied, 28.1 percent are rental occupied, and 6.1 percent are vacant housing units. Households living below the poverty level represent 6.9 percent of total households.

The following table provides selected demographic and economic information pertaining to the Bank's assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Moderate	24.1	35.2	23.2	14.1	43.0	29.3	\$131,810
Middle	65.5	60.1	68.8	75.9	52.8	66.7	\$152,829
Upper	7.0	4.7	8.0	10.0	4.1	4.0	\$184,977
NA	3.4	0.0	0.0	0.0	0.1	0.0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$153,955

Source: 1990 U.S. Census

<sup>a</sup> As defined by the U.S. Department of Housing and Urban Development (HUD) Low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-income is defined as an income level that is 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as an income level that is 80 percent to less than 120 percent of the MSA median family income, while upper-income is defined as an income level that is equal to or greater than 120 percent of the MSA's median family income.

## Assessment Area 2003

Based on the census data for 2000, the assessment area is comprised of 28 census tracts with the following classifications: 6 moderate-income; 16 middle-income; 5 upper-income and 1 designated as "N/A". Census demographic data obtained from CRA Wiz indicate that the Bank's assessment area contains a total population of 164,569 individuals. There are 60,248 housing units within the assessment area, of which 70.5 percent are owner-occupied, 26.2 percent are rental occupied, and 3.3 percent are vacant housing units. Households living below the poverty level represent 7.0 percent of total households.

The following table provides selected demographic and economic information pertaining to the Bank's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Hous e- holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	
<b>Moderate</b>	21.4	23.0	23.2	15.7	42.7	30.3	\$134,938
<b>Middle</b>	57.1	54.3	53.9	58.3	43.6	42.2	\$162,812
<b>Upper</b>	17.9	22.7	22.9	26.0	13.7	27.5	\$206,089
<b>NA</b>	3.6	0.0	0.0	0.0	0.0	0.0	0
<b>Total or Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>\$171,904</b>

Source: 1990 U.S. Census

## **PERFORMANCE CRITERIA**

### **1. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

The distribution of residential loans to borrowers of different incomes reflects good penetration among all income levels. Based upon this analysis, the Bank's efforts exceed the standards for satisfactory performance.

Further analysis of Bridgewater Savings Bank's loan data was conducted in order to determine the distribution of loans based upon the income levels of borrowers. The analysis of borrower income level was identified as the ratio of borrower income to the median family income for the assessment area towns located within the Boston MSA. The median family income is based upon estimated 2002 and 2003 HUD information for the MSA.

The following table indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the Brockton and Boston MSAs, which is where all properties are located. Loans extended to low- and moderate-income represented 29.3 percent of the total number for the two-year period. Loans to upper-income borrowers represented the largest individual category with 36.9 percent of the total number for the period reviewed. Loans extended to borrowers of middle-income represented 33.8 percent of the total number. The following table provides further detail of residential loans originated by number categorized by applicant income level.

<b><i>Distribution of HMDA Loans by Borrower Income</i></b>								
<b><i>Median Family Income Level</i></b>	<b><i>% Families</i></b>	<b><i>Aggregate Lending Data (% of #)</i></b>	<b><i>2002</i></b>		<b><i>2003</i></b>		<b><i>Total</i></b>	
			<b><i>2002</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>
<b><i>Low</i></b>	18.1	4.5		30	5.9	57	9.7	87
<b><i>Moderate</i></b>	19.3	17.1		91	18.1	142	24.0	233
<b><i>Middle</i></b>	26.8	28.0		183	36.4	187	31.7	370
<b><i>Upper</i></b>	35.8	36.6		199	39.6	204	34.6	403
<b><i>NA</i></b>	0.0	13.8		0	0.0	0	0.0	0
<b><i>Total</i></b>	100.0	100.0		503	100.0	590	100.0	1,093

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

The distribution of the Bank's residential mortgage loans is reasonably disbursed among borrowers of various income levels. As indicated in the above table, this is consistent with the distribution of total families within the assessment area. Also, the Bank's loan distribution in 2002 is higher than that of the aggregate for low- and moderate-income borrowers. In addition, the penetration among low-income borrowers is considered reasonable. This is significant since 4.6 percent of the families<sup>b</sup> within the assessment area are below the poverty level. Overall, the number of loans made to moderate-income borrowers was higher than the percent of moderate-income families and the dollar volume was consistent with the percentage of moderate-income families.

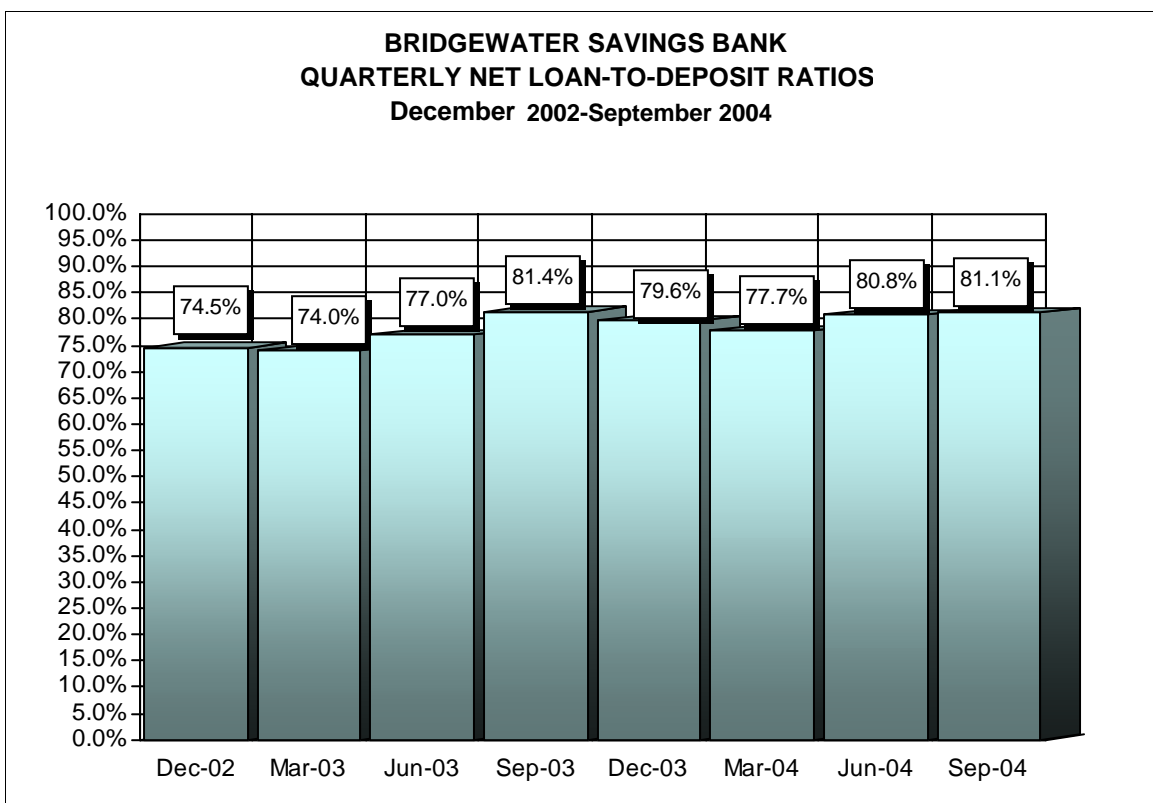
<sup>b</sup> Based on 1990 Census Data

Also, the Bank's level of lending among low- and moderate-income borrowers increased significantly for 2003. Based on this showing, Bridgewater Savings Bank has made a good level of loans among low- and moderate-income borrowers.

## 2. LOAN TO DEPOSIT ANALYSIS

Based upon Bridgewater Savings Bank's asset size, its capacity to lend, and the credit needs of its customers, the institution's net loan-to-deposit ratio meets the standards for satisfactory performance.

An analysis of Bridgewater Savings Bank's net loan-to-deposit ("LTD") ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Financial Institutions Examination Council ("FFIEC") Call Report data for this institution. The Bank's net loans to total deposits as reported to the FFIEC were reviewed for the quarters beginning December 31, 2002 through September 30, 2004. The following chart indicates that for the period reviewed, the Bank's net LTD ratios increased relatively consistently throughout the period reviewed. Call report data for this period indicates that total loans increased by approximately 20.9 percent while total deposits increased by approximately 14 percent. Thus, the growth in the LTD ratios is attributed to loan growth that surpassed deposit base growth.





The Bank sells mortgages on the secondary mortgage market. Loan sales allow for more efficient management of the Bank's liquidity position and also make funds available for additional lending. The following table shows the number and dollar volume of loans sold by Bridgewater Savings Bank between November 2002 and October 2004.

Year	Number	Dollar Amount
11/2002 - 10/2003	504	\$83,722,478
11/2003 - 10/2004	230	\$43,045,851
Total	734	\$126,768,329

The Bank's net LTD ratio for the third quarter 2004 is indicated below and is compared to other institutions that operate within the Bank's assessment area. Bridgewater Savings Bank's efforts in comparison to four other area institutions, as shown in the following table, put the Bank's net loan-to-deposit ratio at a satisfactory level.

Net Loans-to-Deposits as of September 30, 2004			
Bank	Net Loans (\$000)	Deposits (\$000)	% LTD
The Community Bank	223,918	231,268	96.8
Bridgewater Savings Bank	180,197	222,172	81.1
Bristol County Savings Bank	458,659	671,538	68.3
Mayflower Cooperative Bank	123,885	185,773	66.7
North Easton Savings Bank	232,118	361,638	64.2

Source: Call Report Data

Based on the preceding information Bridgewater Savings Bank's net LTD ratio is considered to be satisfactory.

### 3. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the analysis of HMDA data, the Bank's level of lending within the assessment area meets the standards for satisfactory performance.

HMDA-reportable residential loans were used to compare the institution's level of lending activity inside the assessment area. This data was also used to compare the level of lending outside the assessment area. These loans consisted of first and second mortgages and home improvement loans on one to four family properties. Refinanced mortgages represented 70 percent of total loans on residential properties.

According to the institution's HMDA data, the Bank originated 1,093 loans inside Bridgewater Savings Bank's assessment area representing 71.2 percent of the total number, or 67.4 percent of the total dollar volume of \$202.7 million. Of The total loans inside the assessment area, Bridgewater accounted for 29.6 percent of the total number and 30 percent of the total dollar volume. Middleborough and Taunton were second and third place with 27 percent and 10.9 percent of the total number, respectively. Also, Middleborough and Taunton were in second and third place in total dollar volume with 22.8 percent and 11 percent, respectively. The Towns of Easton and East Bridgewater demonstrated the lowest incidence of activity with less than five percent of the total number

and dollar volume each. Refer to the following tables for a breakdown of loan activity by year.

<b><i>Distribution of HMDA Loans Inside and Outside of the Assessment Area</i></b>										
<b>Year</b>	<b><i>Number of Loans</i></b>					<b><i>Dollars in Loans (000s)</i></b>				
	<b><i>Inside</i></b>		<b><i>Outside</i></b>		<b>Total</b>	<b><i>Inside</i></b>		<b><i>Outside</i></b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
2002	503	68.2	235	31.8	738	58,640	65.8	30,542	34.2	89,182
2003	590	74.0	207	26.0	797	78,015	68.7	35,533	31.3	113,548
<b>Total</b>	<b>1,093</b>	<b>71.2</b>	<b>442</b>	<b>28.8</b>	<b>1,535</b>	<b>136,655</b>	<b>67.4</b>	<b>66,075</b>	<b>32.6</b>	<b>202,730</b>

Source: Cra Wiz 2002 /HMDA LAR

The data presented above indicate that Bridgewater Savings Bank extends the majority its loans, by number and dollar volume, within the assessment area. The overall rate of lending within the assessment area is at a satisfactory level.

Market share data for 2002 was also reviewed with respect to this performance criterion. The data is based on loan information submitted to the Federal Reserve by all HMDA reporters. Calendar year 2002 information is the latest available data for comparison. In 2002, there were 365 lenders that originated and purchased a total of 16,684 HMDA-reportable loans within the assessment area. Bridgewater Savings Bank ranked 6<sup>th</sup> with a 3.01 percent market share. The top positions were held by Countrywide Home Loans followed by Washington Mutual Bank, FA with a market share of 6.99 percent and 6.27 percent, respectively.

Bridgewater Savings Bank has made an impact on loan volume within its assessment area due to the drop in interest rates. The Bank's lending volume increased during 2003, mostly due to refinanced loans as a result of lower interest rates.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

The analysis of the geographic distribution of residential loans and a comparative analysis of 2002 HMDA aggregate data indicate that Bridgewater Savings Bank's efforts meet the standards for satisfactory performance.

The following table notes the number of residential loans originated within the assessment area by census tract classification. As indicated in prior evaluations conducted by the FDIC in 2002 and the Commonwealth of Massachusetts in 1999 the Bank's lending in moderate-income tracts is lower than that of aggregate lending and level of owner-occupied housing within the assessment area. Although the low rate of penetration within moderate-income census tract areas and the Bank's performance in contrast to aggregate lending data was noted in the previous CRA examinations, mitigating factors were considered in that the Bank has no branch offices within the well served moderate-income geographies. Also, the lower owner-occupancy rate (39.9 percent) within the moderate-income tracts gives credence to these figures when compared to the higher owner-occupancy rate within the middle- and upper-income tracts at 72.5 percent and 82.5 percent, respectively.

<b><i>Distribution of HMDA Loans by Income Category of the Census Tract</i></b>								
<b>Census Tract Income Level</b>	<b>% Total Owner-Occupied Housing Units</b>	<b>Aggregate Lending Data (% of #)</b>	<b>2002</b>		<b>2003</b>		<b>Total</b>	
			<b>2002</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
Moderate	14.1	12.2	32	6.4	19	3.2	51	4.7
Middle	75.9	75.4	412	81.9	392	66.4	804	73.6
Upper	10.0	12.3	59	11.7	178	30.2	237	21.7
NA	0.0	0.1	0	0.0	1	0.2	1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>503</b>	<b>100.0</b>	<b>590</b>	<b>100.0</b>	<b>1,093</b>	<b>100.0</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

While aggregate lending data more closely reflects the owner-occupancy rate within the various tract categories. The increasing cost of homeownership is a factor in affordability within the assessment area. The median sales price<sup>c</sup> for a single family home in 2003 ranged from a low of \$254,450 in Taunton to a high of \$359,900 in Easton. Between 2002 and 2003 the sales price for single family homes increased by an average of 15 percent. The largest increase in sales price was in West Bridgewater, where a single family home increased by more than 27 percent. These are mitigating factors that would preclude homeownership for a significant segment of low- and moderate-income individuals who seek homeownership in a climate of diminishing affordable housing opportunities.

## **5. REVIEW OF COMPLAINTS**

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

## **FAIR LENDING POLICIES AND PRACTICES**

Bridgewater Savings Bank's fair lending data was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Bank's Fair Lending Policy addresses specific areas relating to disparate treatment of applicants based on a prohibitive basis, disparate impact of bank policies and practices, the prevention and detection of illegal discrimination through training, second review procedures, self-assessment through monitoring and internal audit processes utilizing HMDA data and file analyses and testers if deemed necessary by the Bank's management and trustees. The Bank's fair lending policy also states that trustees will adopt the fair lending policy annually and hold institution personnel accountable for fair lending performance. Management is responsible for assuring that an appropriate fair lending program is established to comply with guidelines outlined in the fair lending policy. The Bank's compliance officer is responsible for training of personnel to assure compliance with the

<sup>c</sup> Based on market statistics provided by the Warren Group.

policy. Also, the CRA Compliance Officer is responsible for review of any complaints received by the Bank and will recommend to management the course of action to address any significant complaints.

The Bank has established written procedures for the second review of credit applications that are recommended for denial. All denied residential applications are required to be reviewed by a second loan officer. The Bank has established a second review committee that reviews all denials for members of a protected class, which includes minority, single female and applicants over the age of 65. The purpose is to ensure that each credit applicant that applies for a first mortgage, including preapprovals and home equity loans is treated equally and that underwriting guidelines are applied uniformly.

A thorough review of the public comment file revealed that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. Sample reviews of the Bank's approved and denied residential loan application files were conducted to check for fair lending issues. No discriminatory practices were noted.

The following information details Bridgewater Savings Bank's fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101.

In 2002 and 2003, Bank personnel participated in numerous seminars such as Lending Compliance Update, which covered key aspects of Regulation B (spousal signature requirement issue), HMDA, USA Patriot Act, and other compliance issues. In December 2003 the Vice President Loan Operations Officer participated in a Real Estate Settlement Procedures Act and Appraisal Regulations telephone seminar.

The Bank employs 96 individuals, nine of whom speak a second language. Of the total employed, 13 work part time.

Credit products offered by the Bank include: Commercial loans, SBA loans, term loans, lines of credit, commercial real estate, consumer loan including home equity lines and loans, overdraft protection, new and used automobile and recreational vehicle loans, personal loans, passbook secured loans, septic repair loans, lead paint abatement loans, residential mortgage loans, construction mortgages, first-time homebuyer loans, Mass Housing Mortgages, FHA mortgages, and zero down municipal employee loans.

The Bank currently refers delinquent members and denied applicants to the appropriate credit counseling agencies.

The Bank offers telephone banking and internet banking at [www.bridgewatersavings.com](http://www.bridgewatersavings.com). Online banking is free and allows customers to make payments to Bridgewater Savings Bank loan account, pay bills, check balances, review account statements, transfer funds between accounts and other features. The Bank offers the convenience of online loan applications for consumer loans. Loans can also be made by way of telephone through the Bank's TeleLoan24, which allows customer the convenience of applying for automobile and home equity loans over the telephone. In addition, banking information can be obtained using the Bank's toll free telephone number.

Bridgewater Savings Bank offers checking and savings accounts that meet the Basic Banking for Massachusetts guidelines as prescribed by the Massachusetts Community and Banking Council.

The Bank's policy and procedures for completing a credit application were reviewed and no discriminatory practices were noted. The review identified no violations of the substantive provisions of any anti-discrimination laws and regulations.

## MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. Between January 1, 2002, and December 31, 2003, the Bank received a total of 1,239 residential loan applications from within its assessment area. During this period, 17 credit applications were received from minority applicants. Of the total applications received from minority applicants, 1 was denied. Refer to the following table for further details.

Minority Application Flow*								
Race	2002 Aggregate Data		Bank 2002		Bank 2003		Bank Total	
	#	%	#	%	#	%	#	%
<i>Native American</i>	62	0.3	0	0.0	0	0.0	0	0.0
<i>Asian</i>	119	0.5	2	0.3	2	0.3	4	0.3
<i>Black</i>	267	1.2	1	0.2	2	0.3	3	0.2
<i>Hispanic</i>	170	0.8	0	0.0	0	0.0	0	0.0
<i>Joint</i>	227	1.0	4	0.7	5	0.8	9	0.7
<i>Other</i>	226	1.0	1	0.2	0	0.0	1	0.1
<b>Total Minority</b>	<b>1,071</b>	<b>4.9</b>	<b>8</b>	<b>1.4</b>	<b>9</b>	<b>1.4</b>	<b>17</b>	<b>1.3</b>
<i>White</i>	13,780	63.7	552	95.3	647	98.0	1,199	96.8
<i>NA</i>	6,790	31.4	19	3.3	4	0.6	23	1.9
<b>Total</b>	<b>21,641</b>	<b>100.0</b>	<b>579</b>	<b>100.0</b>	<b>660</b>	<b>100.0</b>	<b>1,239</b>	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The Bank's minority application flow for this period was compared with the racial make-up of the assessment area and the 2002 aggregate data for all other HMDA reporters within the assessment area. The comparison of data assists in deriving reasonable expectations for the rate of applications the Bank received from minority credit applicants.

According to 1990 Census Data, Bridgewater Savings Bank's assessment area contained a total population of 143,900 individuals, 5.5 percent of which is representative of various minority groups. By comparison, the Bank's minority application flow of 1.4 percent is less than the percentage of minorities within the assessment area. By contrast, the 2002 aggregate data indicate that total minority applications, at 4.9 percent, is more than three times rate of minority applications received by the Bank. The data further indicates that the application flow for the aggregate is comparable to the percentage of minority residents within the assessment area.

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.